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EXCHANGE

A NEWSLETTER FOR MEMBERS OF THE ONTARIO TEACHERS' PENSION PLAN

Teachers' offers \$2.3B for remaining Cadillac Fairview shares

Deal will make real estate portfolio one of the largest

If the offer to purchase Cadillac Fairview succeeds, our real estate holdings will total \$4.4 billion, or about 7% of the plan's invested assets, and will create one of the largest real estate portfolios in Canada.

Teachers', which already owns 21.8% of the company, won the support of Cadillac's board in December to launch a \$34-a-share bid for the remaining stake in the company. The bid totals \$2.3 billion

and is expected to close in March.

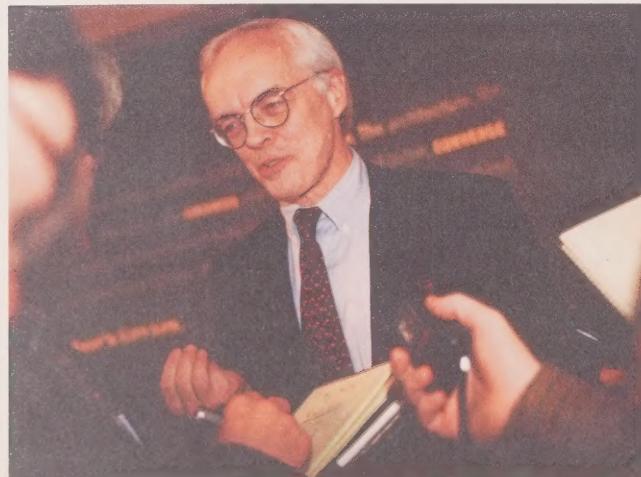
Cadillac Fairview stock had been trading at below \$30 a share before the bid. Teachers' had bought shares in Cadillac at \$16 per share in 1995.

"We're delighted. Cadillac is a well-run company with a long history in Canada and a good corporate reputation," says Claude Lamoureux, President and CEO. "This is a good fit for us because we are long-term investors who pay teachers pensions

linked to inflation—and quality real estate managed by an excellent company is a good hedge against inflation," he added.

When the shopping centres and office properties owned by Cadillac Fairview are added, it will bring the total number of properties fully or partially owned to 122.

Please see page 3



Claude Lamoureux speaks to reporters during the news conference to announce our offer to buy Cadillac Fairview. If the offer succeeds, it will be a good fit for your pensions.

Robert W. Korthals appointed Chair of the Board.

Story on page 4



This year's annual meeting will be live on the Web. Find out how you can participate. See page 5.

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HAVE Your SAY...

85-FACTOR EXTENDED?

"...any truth to the rumours that the 85-factor window will be made permanent?"

A.R., Woodbridge

The information we have is that the current window closes on December 31, 2002. Changes to pension benefits, such as making the 85-factor window permanent, are made by the co-sponsors, the Ontario Teachers' Federation and the Ontario government.

WE'RE PLEASED YOU LIKE IT

"I called the pension plan the other day and was so impressed by the service. When I telephoned, a friendly person answered and was able to greet me by name before I said a word. This is much better than the last time I called."

J.A., Toronto

When you telephone the pension plan, your file is electronically sent

to the next available pension benefit specialist. Your call is answered within seconds, and your file appears simultaneously on the computer screen of the pension benefit specialist answering the telephone.

The technology that makes this possible is called CTI, or Computer Telephony Integration. CTI was introduced about 14 months ago. It seamlessly integrates the telephone and computer systems to provide you with faster service. So when you call, you won't have to wait while a pension benefits specialist retrieves your file because it's done automatically.

If the computer system does not recognize the telephone number you are calling from, then follow the simple instructions to enter your social insurance number on the telephone keypad.

CTI is another way we're working to provide you with better service. 

YOU CAN EXPECT TO LIVE LONGER WITH LARGER PENSION

Teachers retiring this year are living longer and collecting a larger pension than their predecessors. Compare life expectancy and pension income for a 57 year-old retiring in 2000 with one who retired in 1970.

TEACHERS' INVESTS IN MANAGEMENT BUYOUT OF SHOPPERS DRUG MART

We've joined with five other investors to buy Shoppers Drug Mart in a deal hailed as one of the largest management buyouts ever completed in Canada.



Lay

"Retail can be a tough business," says Michael Lay, Vice President of Merchant Banking, "but we feel very positive about Shoppers because it is the dominant brand name and market share leader in the Canadian drugstore business."

The \$2.55 billion deal was led by leveraged-buyout specialists Kohlberg Kravis Roberts and Co. of New York. It brought Canadian and U.S. investors as well as the company's senior management and 800 associates into the deal. The buyout, first announced in November, became final in February.

Shoppers Drug Mart has over 800 stores across Canada and last year enjoyed a 29% share of the \$13 billion drugstore industry.

"The company has a very strong management team and the aging population in Canada points to growth in this industry," says Lay. 

Year	Life expectancy on pension	Average pension (in today's dollars)	
2000	Women 27 years	Men 22 years	\$38,000
1970	24 years	19 years	\$23,500

Source: Canadian Life Tables

Planning for retirement

REMINDER

You'll have less RRSP room this year

As we previously reported (*Exchange*, Spring 1999, Volume 24), the lower CPP reduction that took effect last year will lower your available RRSP contribution room.

HOW THIS AFFECTS YOU

For most full-time teachers, the available RRSP room will shrink by a maximum of about \$2,200 in 2000 only. The new rate also results in an additional permanent reduction to your RRSP room of about \$270 per year in the future.

Canada Customs and Revenue Agency (formerly Revenue Canada) will let you know how much RRSP room you have available in the 2000 tax year. In the meantime, if you know last year's RRSP room, you can estimate it yourself. Here's how.

We recently sent you an Exempt Past Service Pension Adjustment (form T215) in the mail. Subtract the PSPA amount found in box 2 of the T215 statement from your current RRSP room. The Canada Customs and Revenue Agency provided you with your current RRSP room in last

year's Notice of Assessment, sent to you after you filed your tax return.

WHY THE REDUCTION?

The CPP reduction factor was lowered to 0.6% from 0.68% effective January 1, 1999. For most teachers, this benefit improvement will add about \$840 to their annual pension after age 65. The lower CPP reduction was announced with the 85-factor window in April 1998.

Each year since 1990, teachers have received a pension adjustment or PA. The PA takes into account the benefit entitlement formula of the Teachers' pension plan. The PAs that were issued to you for service from 1990 to 1998 would have taken the old CPP reduction rate into account; however, your benefit entitlement for those years is now based on the new rate. The difference in the CPP reduction factor over nine years will shrink the available RRSP room by a maximum of about \$2,200 in 2000. 

Cadillac Fairview deal will make real estate portfolio one of the largest in Canada

From page 1

Cadillac Fairview has one of the most exclusive portfolios of prime retail and office properties in Canada with a market value of \$6 billion.



Brian Muzyk

Brian Muzyk, Vice-President, Real Estate, and his team, assembled the offer. If the bid succeeds, it's expected that it will be business as usual at Cadillac Fairview. "We understand the importance of maintaining a committed and experienced team of profes-

als to lead the company in its daily operations," says Muzyk.

Purchasing the entire company will give us ownership of an additional 102 properties. These properties include:

49 dominant Canadian shopping centres including:

Toronto Eaton Centre
Rideau Centre, Ottawa
Pacific Centre Retail, Vancouver
Masonville Place, London
Cataraqui Town Centre, Kingston
Montreal Eaton Centre

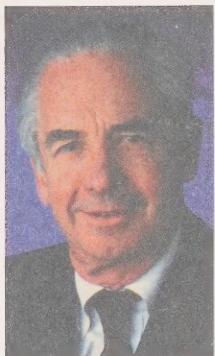
Victoria Eaton Centre
Fairview Mall, Toronto
Erin Mills Town Centre,
Mississauga
Lime Ridge Mall, Hamilton

42 leading office properties including:

Toronto-Dominion Centre,
Toronto
Pacific Centre Place, Vancouver
Cadillac Fairview Tower, Toronto
Commonwealth Building,
Ottawa

11 shopping centres in the United States.

New Chair at the Board table



Robert W. Korthals

Robert W. Korthals, a retired bank president, has been appointed Chair of the Board. Mr. Korthals succeeds C. Edward Medland who retired from the board at the

end of 1999.

Mr. Korthals was first appointed to the Board in 1996 and since then has served as Chair of the Investment Committee. He joined the Board after a distinguished career in banking at the Toronto-Dominion Bank where he retired as president in 1995. Mr. Korthals sits on a number of other boards including Cognos Inc., Co-Steel Inc., Rogers Communications Inc. and Suncor Energy Inc. He is a commissioner with the Ontario Securities

Commission and Chair of the Business Fund for Canadian Studies in the U.S. Mr. Korthals has a degree in Chemical Engineering from the University of Toronto and an MBA from the Harvard Graduate School of Business.

TWO NEW DIRECTORS APPOINTED TO FILL VACANCIES

A corporate lawyer and a recently retired investment executive are the newest appointments to the nine-member Board of Directors.

Ralph E. Lean Q.C. is a senior partner with the law firm Cassels, Brock & Blackwell. Mr. Lean is a director of several private, public and charitable corporations including: Sirit Technologies Inc., Molson Indy Board of Trustees, and the World Film Festival of Toronto Inc.

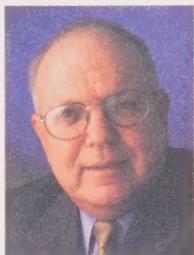
Mr. Lean earned a business degree from the University of Western Ontario and his Bachelor of Law from Osgoode Hall.

Before his recent retirement, John S. Lane was Senior Vice-President, Investments, for Sun Life Assurance Company of Canada.

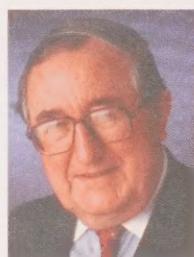
Mr. Lane also sits on numerous boards including: Century 21 Real Estate Canada Ltd., TransAlta Corporation and the Canadian Psychiatric Research Foundation.

Mr. Lane earned a masters' degree from University College, Oxford and is a Chartered Financial Analyst.

The director positions became available when Mr. Medland retired and Roger Wilson left at the end of his term.



Ralph E. Lean, Q.C.



John S. Lane

What does

VESTING

*mean and
how does it affect
my pension?*

You may have noticed the term "vested" in your annual statement of benefits. If you're vested, it simply means you have accumulated at least the minimum number of qualifying years of service that entitles you to a future pension.

Once you have two qualifying years of service, you are entitled to a pension based on your credit after 1986. Any service before 1987 is included in the pension once you have 10 qualifying years of service.

Taking a leave of absence?

DON'T BE LEFT WITHOUT STANDING AT THE COLLEGE

If your employer automatically remits your annual fee to the Ontario College of Teachers, your membership may lapse while you're on a leave of absence.

To guard against surprises after your return, and to save yourself the college's \$100 reinstatement fee, we suggest you contact the Ontario College of Teachers to find out when your annual membership expires.

If you're on a leave, it's a good idea to check with the college of teachers.

WHY IS COLLEGE STANDING IMPORTANT?

With only a few exceptions, you must be a member in good standing with the Ontario College of Teachers to contribute to the Teachers' pension plan. If your membership with the college lapses, you may be ineligible to contribute to your pension until your membership is reinstated.

If you're on a leave, it's a good idea to check with the college. You can telephone the Ontario College of Teachers at (416) 961-8800 or 1-888-534-2222. The college is open 8:30 a.m. to 5 p.m., Monday to Friday.

Presentation of 1999 results live on the Web

Annual meeting on our Web site

This year's annual meeting for representatives of the Ontario government and the Ontario Teachers' Federation will be simultaneously webcast at www.otpp.com on Friday April 7, 2000, beginning at 5 p.m. EST.

The meeting is used to present the 1999 investment and service performance of the plan as presented in the annual report. Expected to speak at the meeting are:

- Robert Korthals, Chair of the Board;
- Claude Lamoureux, President and CEO;
- Robert Bertram, Sr. Vice-President, Investments; and
- Al Reesor, Sr. Vice-President, Member Services and Chief Information Officer.

The first 40 minutes of the annual meeting is a presentation of the 1999 performance of the plan,



followed by 30 minutes of questions and answers.

To view the meeting you'll need either RealPlayer or Windows Media Player—both are free downloads. We suggest you visit www.otpp.com about a week before the meeting to test your system or to download the free software.

You can ask a question by e-mail prior to the meeting. We will make every effort to address your issue or concern. Please give us time to process the questions by sending your e-mail soon and no later than the day before the meeting. E-mail your question to:

communications@otpp.com

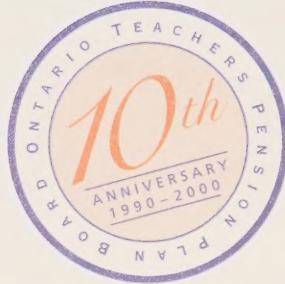


STATS' all folks

Buy-backs for absences by age range for employer-approved absences in 1998

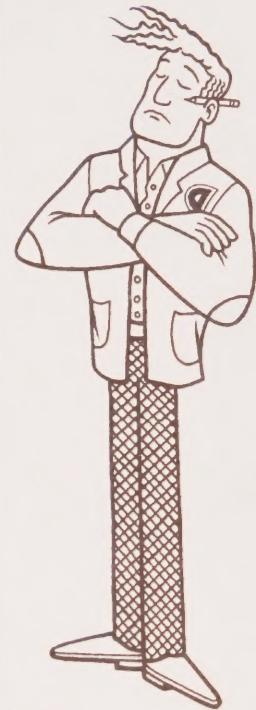


THEN & Now



2000 marks the
10th anniversary
of the Teachers'
Pension Plan Board

at January 1	1990	2000
Teachers	155,000	150,000
Pensioners	33,000	72,000
Total	188,000	222,000
Employees	257	509
Board of directors	5 government 3 teacher representatives	Jointly appointed Chair plus 4 appointed by government and 4 by OTF
Investments	\$17 billion in Ontario debentures	\$68 billion in fully diversified assets
Speed of service	3 to 6 months for a pension estimate	14-day response in most cases
Visiting without an appointment	You spoke to staff via telephone from reception floor	You'll receive personal service immediately
Phone calls	Up to a 20 minute wait to speak to a counsellor	We'll answer within 30 seconds



DUDLEY DOOMSAWER

“ Why are we
buying malls
when the world
is shopping
on-line? ”

- Many observers, including our investment experts, believe there is ample room in the market place for both e-commerce and retail malls.
- In fact, malls have been expanding at a time when e-commerce is burgeoning.
- However, we can expect traditional retail malls to change and diversify to include more recreation, entertainment and restaurants.
- When home entertainment and videocassettes became popular 20 years ago, some predicted the demise of movie theaters. Well, theaters are still around—bigger and better than before.

Your survivor's pension

Exercising your future options

If you die after you retire, your spouse is eligible for a survivor's pension if you are living together when your pension payments begin. Your spouse remains eligi-

ble even if you subsequently separate or divorce. The amount of your survivor's pension is based on a percentage of your teachers' pension after age 65.

Options	What you need to do	Cost
60% Option Automatic 60% survivor's pension—this is 60% of your teachers' pension after age 65*	Nothing	The reduction to your pension depends on the age of both you and your spouse. The reduction, usually about 2%, remains in effect even if your spouse predeceases you.
50% Option Reduce survivor's pension to 50% of your teachers' pension after age 65*	You and your spouse must sign a Spousal Waiver form. This can only be done within the 12-month period before you go on pension. The reduction can be revoked up until your pension begins.	No reduction to your pension
65, 70 or 75% Option Increase survivor's pension up to 75% of your teachers' pension after age 65*	You must apply at least two years before you go on pension and by age 63. If you miss the deadline, you can still be approved if you pass a medical exam. The increase can be revoked until you go on pension.	The reduction to your pension will depend on the survivor pension you choose and the age of both you and your spouse. The reduction remains in effect even if your spouse predeceases you.

*or after CPP reduction is applied.

Example:

Carol and her spouse are both 55 years of age. Her teachers' pension is \$35,000. Here's a breakdown of Carol's options.

	50% pension	Automatic 60% pension	75% pension
Carol's annual teachers' pension (after CPP reduction)	\$35,000	\$34,559	\$33,901
Annual cost	\$ 0	\$ 441	\$1,099
Survivor's pension	\$17,500	\$21,000	\$26,250

DEFINITIONS

Spouse

For pension plan purposes, your spouse is a person of the opposite sex or same sex with whom you:

- Are legally married, or
- Have been living with continuously in a conjugal relationship for at least three years (or less if you are the parents of a child).

Dependent children

- Under 18 years of age, or
- Between 18 and 25 and still attending full-time, continuous education, or
- disabled.



If your spouse receives a survivor pension and later dies, the pension will continue to your dependent children for as long as they remain eligible.



TIP...



THINKING OF INCREASING YOUR SURVIVOR'S PENSION BUT DON'T KNOW WHICH OPTION IS RIGHT FOR YOU?

IF YOU'RE MORE THAN TWO YEARS from retirement, you can increase your survivor's pension up to 75% and avoid a medical exam. As you get closer to retirement, decide which option is best for you and your family. You can revoke the increase anytime before your pension begins. 

FINER • • • points

SCHOOL ADMINISTRATORS PLANNING TO RETIRE IN JUNE—CHECK WITH US

A revised interpretation of the plan means that 12-month employees, such as school administrators, may have their salaries prorated for the final year.

Since 12-month employee contracts expire August 31, administrators who retire in June will have worked 10 out of 12 months and this means they'll receive about 83% of their salary and

credit in their final year.

Twelve-month employees typically include directors of education, principals, superintendents of schools, and vice-principals.

WORK OUTSIDE CANADA, PAY ONGOING

If you work outside Canada while on a leave of absence, you can buy back the pension credit provided you pay while on your leave. The work does not have to be in education. 

EXCHANGE

is published for members of the Ontario Teachers' Pension Plan.

We appreciate your comments about anything you read in *Exchange*. Please contact John Cappelletti at (416) 730-5351 or 1-877-812-7989, or E-mail: john_cappelletti@otpp.com

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This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.



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All our publications are sent to you at your home address, including information of personal interest to you, such as your annual statement of benefits. If we don't know where you are, we can't reach you!

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